



Date: April 3, 2023

To: Wanda S. Page, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Sara M. Young, AICP, Planning Director
Subject: Consolidated Annexation – 901 and 903 Sherron Road

Executive Summary

A request for a utility extension agreement, voluntary annexation and initial zoning map change has been received from Keith Strong, of Strong Rock Engineering, for two parcels of land totaling 17.78 acres and located at 901 and 903 Sherron Road. This annexation petition (Case BDG2200015) is for a contiguous expansion of the primary corporate limits (See Annexation Overview Map, Attachment D). The applicant intends to develop 63 units consisting of 34 townhomes and 29 single-family residences.

The current zoning is Residential Rural (RR) and Residential Suburban – 20 (RS-20), Falls/Jordan District B (F/J-B). For the initial City zoning of this site if annexation is approved, the applicant proposes to change this designation to Residential Suburban – 10 (RS-10), Falls/Jordan District B (F/J-B). This proposal is a general rezoning with no text or graphic development plan. This request, Case Z2200024, received a recommendation of denial from the Planning Commission on December 13, 2022, by a vote of 11 to 1.

The properties are currently designated Low-Medium Density Residential on the Future Land Use Map (FLUM) (Attachment C). The proposed Residential Suburban – 10 (RS-10) zoning is consistent with the designated Future Land Use. If the proposed zoning is approved, there will be no change to the Future Land Use Map designation of Low-Medium Density Residential.

Three motions are required to approve the annexation item:

Motion #1: To adopt an ordinance annexing '901 and 903 Sherron Road' into the City of Durham effective June 30, 2023; and to authorize the City Manager to enter into a utility extension agreement with The Drees Homes Company;

Motion #2: To adopt an ordinance amending the Unified Development Ordinance by taking property out of the Residential Rural (RR) and Residential Suburban – 20 (RS-20), Falls/Jordan District B (F/J-B), County Jurisdiction and establishing the same as Residential Suburban – 10 (RS-10), Falls/Jordan District B (F/J-B), City Jurisdiction; and

Motion #3: To adopt a Consistency Statement as required by NCGS 160D-605.

Background

Voluntary annexations are governed by North General Statutes. In addition, the Durham City Code of Ordinances maintains additional requirements. Insofar as possible, City policy is to avoid gaps in the corporate boundary as they may result in increased costs and service delivery impacts.

In order to avoid a situation in which newly annexed property does not have a zoning designation, NCGS § 160D-202(g) requires that a municipality annexing property, impose municipal zoning on the property within 60 days of the annexation effective date. This is often called an “initial zoning”.

As noted above, the proposed initial zoning associated with this annexation is a request to change the County zoning from RR and RS-20 to RS-10, City Jurisdiction. This zoning request was heard by the Planning Commission on December 13, 2022, and received a recommendation of denial by a vote of 11 to 1.

Issues and Analysis

A. Southeast Regional Lift Station Area

Southeast Durham continues to be an area of elevated interest. In September of 2020, Planning staff, as part of a Council Work Session presentation, shared information regarding the number of dwelling units that have been approved in this basin, as shown in the table below. Since that presentation the Planning Department has continued to receive additional annexation and zoning map change requests in this area. Staff is sharing updated information regarding the number of dwelling units approved in the past decade and those now pending in the table below on the Southeast Durham Focus Area as part of the new Comprehensive Plan.

Residential Units in Southeast Durham					
Year(s)	2011-2019	2020	2021	2022	Total
Units Approved	2,671	580	3,059	1,131*	7,441
Units Pending Approval	-	-	-	943*	943*
Total Potential Units	-	-	-	2,074*	8,384*

*As of 3.7.2023

B. Annexation Impact Analysis

City staff has analyzed the potential impacts of this proposed development and: 1) the proposed development of this property is found to be revenue positive based upon a cost-benefit analysis conducted by the City's Budget and Management Services Department and 2) operational expenses have been captured in the chart located in the Financial Impact Section below.

C. Utility Extension Agreement

The applicant has applied for a utility extension agreement for approval by City Council. Water Management performed the utility impact analysis for the utility extension agreement and determined that the existing City of Durham waterlines and sanitary sewer have capacity to serve the project. The Property will connect to the existing 12-inch waterline Sherron Road and eight-inch waterline in Joycliff Road. The Property will extend the existing eight-inch sanitary sewer in Joycliff Road. The property is within the Southeast Regional Lift Station sewer basin. There will be no City participation in the cost of any of the water and sewer improvements.

D. Establishment of Zoning Jurisdiction

As discussed in the Background section, above, if a property is annexed, a municipality should impose its zoning within 60 days of the annexation effective date in order to prevent the property from not having a zoning designation. In association with this annexation request, the applicant requests a change from RR and RS-20 to RS-10 zoning. A detailed analysis of the zoning map change request may be found in Attachment G, Zoning Map Change Report. The Zoning Map Change report describes the proposals consistency or inconsistency with the Comprehensive Plan.

E. Affordable Housing

Affordable housing is a priority in Durham. As such, staff is tracking affordable housing proffers. The chart below includes all mechanisms for affordability proffered through the legislative process, including: utilization of the affordable housing density bonus, income-restricted unit proffers, low-income housing tax credit projects (LIHTC), applicant-funded projects, and the construction and deeding of units to an affordable housing non-profit.

Year Case Submitted	2020	2021	2022	2023	Total
Units Approved with Affordable Housing	3	393	38	0	434
Units Pending Approval with Affordable Housing	32	31	276	0	339
Total Proffered Units of Affordable Housing	35	424	314	0	773

*As of 3.7.2023

Alternatives

A. Deny the Annexation and the Utility Extension Agreement

City Council may elect to deny the voluntary annexation petition and utility extension, zoning map change, and consistency statement if this option were selected. If the council denied the annexation, no action would be taken on the zoning map change as the site would not be within the City limits.

Financial Impact

The information and language found in the chart below is provided directly by the corresponding department. The estimated General Fund revenues generated from this annexation at buildout in FY2026-27 are \$156,613. The estimated General Fund expenditures associated with providing City services at buildout are \$34,726. The estimated cumulative General Fund net gain to the City at buildout is \$328,592. These calculations do not include Impact Fee revenues, as these support Capital Improvement Projects. A cost-benefit analysis is attached (See Attachment H) that provides cost and revenue projections through FY2031-32. The chart below contains additional details regarding departmental revenue and expense projections

Department/Type	Revenues	Expenses
Fire	No revenues anticipated.	<p>Capital Expenses The following capital expenses will be required to support the annexation petition over a 10-year period, post-construction: Cumulative Total from FY 24 through FY 32: \$53,164</p> <p>Equipment Expenses The following equipment-related costs and purchases will be required to support the annexation petition over a 10-year period, post-construction: Cumulative Total from FY24 through FY 32: \$6,356.</p> <p>Personnel Expenses The following personnel costs will be required to support the annexation petition over a 10-year period, post-construction: Cumulative Total from FY 24 through FY 32: \$34,265.</p>
Planning	The department anticipates receiving \$16,430 in development review fees for this requested annexation.	No additional expenses are anticipated.
Police	No additional revenues are anticipated.	<p>Capital Expenses The following capital expenses will be required to support the annexation petition over a 10-year period, post-construction: \$0.00.</p> <p>Equipment Expenses The following equipment-related costs and purchases will be required to support the annexation petition over a 10-year period, post-construction: \$0.00.</p> <p>Personnel Expenses The following personnel costs will be required to support the</p>

		annexation petition over a 10-year period, post-construction: \$210,630.
Public Works	No additional revenues anticipated.	There is no impact with respect to the Department of Public Works from this annexation.
Solid Waste	The following revenues will be collected with this annexation petition: \$11,070 – projected yard waste subscribers	<p>Capital Expenses The following capital expenses will be required to support the annexation petition over a 10-year period, post-construction: \$12,232 – debt service for a portion of additional vehicles required.</p> <p>Equipment Expenses The following equipment-related costs and purchases will be required to support the annexation petition over a 10-year period, post-construction: \$8,866 – roll- out carts; \$43,963 – incremental costs of vehicle fuel and maintenance costs; garbage disposal costs; and recycling and yard waste processing costs.</p> <p>Personnel Expenses The following personnel costs will be required to support the annexation petition over a 10-year period, post-construction: \$11,976 – portion of additional crews required.</p>
Transportation	The City anticipates collecting approximately \$777 in Paratransit revenues and \$0 in Powell bill revenues over the 10-year analysis period.	The City anticipates total costs associated with the project over the 10-year analysis period as follows: \$0 for street lighting, \$0 for signs, \$0 for street markings, and \$10,085 for Paratransit Service.

Equal Business Opportunity Summary

This is a consolidated annexation. It was not reviewed by the Finance Department for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

Contractor Workforce Diversity & Hiring Practices

Due to the nature of this agenda item, obtaining Contractor Workforce Diversity & Hiring Practices information is not applicable.

Staff Contact

Brooke Roper, AICP, Senior Planner, Brooke.Roper@DurhamNC.gov

Attachments

- Attachment A:** Zoning Context Map
- Attachment B:** Aerial Map
- Attachment C:** Future Land Use Map
- Attachment D:** Annexation Overview Map
- Attachment E:** Utility Vicinity Map
- Attachment F:** Clerk's Certification
- Attachment G:** Zoning Map Change Report
- Attachment H:** Cost Benefit Analysis
- Attachment I:** Utility Extension Agreement
- Attachment J:** Social Pinpoint Community Input
- Attachment K:** Planning Commission Written Comments
- Attachment L:** Annexation Ordinance
- Attachment M:** Zoning Ordinance
- Attachment N:** Consistency Statement